

Message Text

SECRET

PAGE 01 KUWAIT 01515 070843Z

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ACTION SS-25

INFO OCT-01 ISO-00 /026 W

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R 070458Z APR 75 ZFF6

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 2699

INFO USLO PEKING

AMCONSUL HONG KONG

USINT BAGHDAD

AMEMBASSY BANGKOK

AMEMBASSY BEIRUT

S E C R E T KUWAIT 1515

EXDIS

E.O. 11652: XGDS-2

TAGS: ETRD, PFOR, PINR, CH, IZ, LE, TH

SUBJECT: POSSIBLE UNUSUAL CHINESE COMMODITY TRANSACTIONS

1. ACCORDING AMERICAN BUSINESSMAN, JAMES DEWAR, PRESIDENT, DELAIR AND DEWAR, INC., 877 SOUTH ALVERNON WAY, TUCSON, ARIZONA 85711 (TELEPHONE 602-881-5990) PRC ABOUT TO MAKE UNUSUAL PURCHASE OF COMMODITIES IN THAILAND, IRAQ AND LEBANON. HE BELIEVES PURPOSE OF TRANSACTION IS TO PLACE LARGE SUMS OF MONEY IN HANDS OF INDIVIDUALS IN THESE COUNTRIES. HE IS ACTIVE IN BUSINESS IN SOUTHEAST ASIA, AND HE HAS DISCUSSED BUSINESS VENTURES WITH UNITED FISHERIES OF KUWAIT. AS FAR AS EMBASSY CAN DETERMINE HE IS LEGITIMATE AMERICAN BUSINESSMAN.

2. DEWAR TOLD ECON CHIEF THAT RECENTLY AN IMPORTANT CLIENT OF HIS AN OVERSEAS CHINESE BUSINESSMAN IN BANGKOK DESCRIBED FOLLOWING STORY TO HIM. FYI DEWAR DID NOT REVEAL IDENTITY OF BUSINESSMAN WHO USES A THAI NAME END FYI. AN AUTHORIZED PRC AGENCY HAS ESTABLISHED TWO LETTERS OF CREDIT IN AN UNNAMED HONG KONG BANK. IT HAS ASKED THAI BUSINESSMAN, WHO IN TURN HAS SOUGHT DEWAR'S ASSISTANCE, TO LOCATE SELLER OF A COMMODITY, WHICH DEWAR WOULD NOT IDENTIFY, IN THAILAND, IRAQ AND LEBANON. PRC WILL BUY 20,000 TONS OF THE COMMODITY IN EACH COUNTRY AT \$615 PER TON,

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SECRET

PAGE 02 KUWAIT 01515 070843Z

APPARENTLY TWICE CURRENT MARKET PRICE. TOTAL DEAL WOULD COME

TO NEARLY \$40 MILLION. DEWAR HAS BEEN PROMISED A VERY HIGH COMMISSION IF HE CAN FIND SELLERS, PREFERABLY NON-GOVERNMENTAL.

3. DEWAR WOULD LIKE TO FOLLOW-UP PROSPECTIVE DEAL WHICH, HE SAID, COULD MEAN GREAT DEAL OF MONEY FOR HIM. HE SAID HIS BANGKOK SOURCE MADE IT CLEAR PRIMARY PURPOSE IS NOT RPT NOT TO BUY COMMODITY BUT TO PLACE LARGE AMOUNTS OF MONEY IN THAILAND, IRAQ AND LEBANON. DEWAR COULD NOT STATE WHY PRC WISHES TO DO THIS, HOWEVER. APPARENTLY SAME COMMODITY INVOLVED IN ALL THREE COUNTRIES AND PRC PARTICULARLY WANTS AVOID DIRECT BILATERAL GOVERNMENT-TO-GOVERNMENT DEALING IN THIS MATTER.

4. DEWAR INDICATED WILLINGNESS PROVIDE USG WITH ADDITIONAL INFO. HE WILL BE IN KUWAIT UNTIL APRIL 9 AND WILL RETURN SOMETIME NEXT WEEK ON WAY TO IRAQ FROM UAE.

5. ACTION REQUESTED: WOULD APPRECIATE ANY COMMENT DEPARTMENT OR ADDRESSEES MAY WISH MAKE. DEPARTMENT GUIDANCE REQUESTED ON WHAT, IF ANYTHING, WE SHOULD SAY TO DEWAR REGARDING MATTER. HE LIKELY ASK ABOUT REACTION TO THIS REPORT WHICH HE REQUESTED WE PASS TO DEPARTMENT. READERS THIS REPORT REQUESTED KEEP SOURCE STRICTLY CONFIDENTIAL.
STOLTZFUS

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